C. Patrick Scholes
212-319-3915
Patrick.Scholes@truist.com

Gregory J. Miller
212-303-4198
Gregory.J.Miller@truist.com

What's Inside

Weekly STR results and analysis

Lodging

Lodging: US RevPAR -48.1% Y/Y Last Week, a 15pt drop from prior week

Seasonal shift back to business/group heavy months hurting results

What's Incremental To Our View

Overall U.S. RevPAR was -48.1% Y/Y for the week ending 9/12/2020, per STR, softer than the prior week's result of -32.8%. (2-year stacked RevPAR was -47.1% vs. -34.6% in the prior week). Independent hotels (~ 1/3rd of the data set) were -36.5% y/y. Economy (-12.6%) was the relatively strongest chain scale for branded hotels; Upper Upscale was the weakest at -72.0%. Upscale (-55.9%) underperformed the industry average; Upper Midscale (-41.3%) outperformed. Within Upper Upscale & Luxury class hotels, Group (-88.5% vs. -79.3% prior week) was softer than Transient (-51.4% vs. -40.7% prior week).

There is a lot to reflect beyond the weaker headline results, so we dig into the detail below. Most important: we now have the start of the traditional corporate travel season post-Labor Day and the initial results are not encouraging (not that surprising to us but we find it important for investors to go beyond any "spin" of not-really-evident green shoots outside of leisure travel). Further, clearly companies cannot replace most of the lost corporate demand from leisure alone. Nothing in our research or years of industry experience or private industry conversations suggests encouraging trends in corporate and group demand for the fall or even for 1Q21.

Day-of-week results show the fall-off from weak corporate travel: Sunday (holiday) occupancy was 57.1% with Tuesday-Thursday in the mid-40s. Midweek ADR was down in the low 30s% y/y. This led to RevPAR for the midweek down in the low 60s% y/y with Luxury and Upper Upscale down in the low 80s %. These results are materially worse than the running 28 days.

Beyond the corporate demand y/y impact:

- The biggest impact (ex-virus) in our view is the Labor Day calendar shift, one week later in 2020 vs. 2019, thus a y/y benefit to the start of last week. Sunday strength:
  - **SW and SE outperforming markets driving Sunday results. Sunday calendar shift/leisure strength was material and ex-Sunday impacted the headline national RevPAR % change by ~ 5 points.**
    - Sunday y/y occupancy: Tampa +36.0% y/y; Orlando +18.3%, LA: +9.4%, Phoenix +8.7%.

SEE PAGE 9 FOR REQUIRED DISCLOSURE INFORMATION

- **Additionally, we have a y/y impact from Hurricane Dorian (Eastern Seaboard impact), and the 2020 impact from the West Coast fires** (mixed impact but we think net positive for lower-rated hotels as residents fled homes).
- Houston likely still benefitting from 2020 Hurricane Laura impact: +14.1% occupancy y/y on Sunday. That impact eventually trailed lower during the week.

While we continue to hear from private hotel owners, asset managers, and related parties about a modest increase in corporate travel, we still view the vast majority of the y/y comparisons driven by pent-up leisure demand, elongated holiday travels given WFH/virtual schooling (although not that great for Monday this year post Labor Day), and in some markets a sharper reduction in virus cases.

- These trends continue to present in the weekly STR data with strength towards lower-rated chain scales, consistent to our recent investor meetings with WH management last week (note link).
- We view higher-rated leisure demand as generally stronger in resort and rural destinations.
- The fires along the West Coast and quarantine restrictions in parts of the East Coast and Hawaii complicate Labor Day comparisons even on an easy Sunday holiday comp comparison.

The rest of September: a bit noisy with a High Holidays calendar shift (less impact than normal years due to the holidays days-of-week timing and limited corporate travel this year) but we view weekly STR results starting with next week's data as an incrementally clearer indicator for the extent of transient corporate travel that will persist into the Fall months. Additional thoughts:

- Normally, we would view the Rosh Hashanah/Yom Kippur calendar shift as highly material to corporate travel, particularly corporate group. As corporate group demand is essentially a zero today and transient corporate/individual corporate travel limited, we view the calendar shift impact as less material for 2020.
  - For reference, Rosh Hashanah begins on the evening of Friday, September 18th, 2020 and concludes on Sunday the 20th (thus minimizing corporate travel impact) and Yom Kippur is Sunday/Monday September 27th/28th. The y/y impact from the High Holidays commences around September 29th (first night of Rosh Hashanah in 2019) and concludes with Yom Kippur 2019 of October 9th.
- **San Francisco reopens, sort of:** As of Monday, San Francisco hotels are allowed to fully reopen (CBS SF Bay Area). While we view this news positively given all our covered REITS ex-RHP have material exposure to the market (especially PEB, PK, and RLJ), the owners still face many headwinds including:
  - Cleaning costs
  - Fire impact (temporary and hopefully now abating)
  - Unclear transient business travel as many area tech companies are on WFH into 2021
  - Limited international inbound demand
  - Re-opening timing occurring post-summer
  - Continued issues with transients especially in Union Square/Mid-Market/South of Market
- **NYC market one to watch as a possible leading indicator for demand and hotel closures** (CNBC).
- **Colleges using hotels: a benefit presumably for some college markets.** This benefit is more rooms vs. F&B but likely at low rates.
- Hurricane Sally will impact next week's results (striking the Gulf Coast).

Compared to the prior week (ended 9/5), sequential RevPAR trends were sequentially softer (albeit on a non-clean comp) vs. last week's results.

- Headline RevPAR was -48.1% vs. the running 28 day average of -43.2%.
- RevPAR for the weeks ended March 14 through September 5, 2020 were -32.5/-69.5/-80.3/-81.6/-83.6/-79.4/-78.4/-76.8/-74.4/-73.6/-69.9/-62.1/-65.0/-62.6/-60.3/-56.5/-44.8/-54.6/-56.0/-54.8/ -51.1/-49.4/-46.1/-46.1/-44.5/-32.8%, respectively.

- **Occupancy**: absolute occupancy of 48.5% was sequentially **softer** than the prior week of 49.4%. Occupancy y/y change of -30.2% is sequentially **softer** than the prior week of -18.9%.
- **ADR**: ADR y/y change of -25.5% was sequentially **softer** than the prior week of -17.1%. (We do not consider sequential changes in absolute ADR material.)
- **"Location" RevPAR Y/Y change sequentially softer. We still do not see a material corporate demand rebound**: Urban (-73.0% vs. -61.7% in the prior week), Suburban (-45.3% vs. -27.8%), Interstate (-25.0% vs. -13.1%), and Resort (-34.5% vs. -21.8%).
    - **Absolute occupancies mixed:** Urban: 38.4% vs. 35.2% in the prior week, Suburban: 50.6% vs. 51.9%, Interstate: 51.2% vs. 52.8%, and Resort: 45.3% vs. 43.9%.
- **Open/closed hotels:** Per STR 4.0% of the hotel supply is closed (vs. 3.7% in the prior week.).

Last week's RevPAR details:

- **Economy as the relatively strongest chain scale**: Upscale and Upper Midscale underperformed by 4,330 bps and 2,870 bps, respectively: Luxury RevPAR (-68.9%), Upper Upscale (-72.0%), Upscale (-55.9%), Upper Midscale (-41.3%), Midscale (-25.7%), and Economy (-12.6%). Independent hotels (-36.5%) outperformed the headline U.S. RevPAR.
- **Within Upper Upscale & Luxury class hotels, Group underperformed Transient**: Transient segment (individual business and leisure travelers) RevPAR was -51.4% (vs. -40.7% last week) and Group segment RevPAR was -88.5% (vs. -79.3% last week).
    - Absolute Group occupancy remains near zero and does not seem to be improving: 4.6% last week vs. 4.5% for the running 28 days. **There may be some late summer weddings/social group contributing to recent results - do not read into these results as a major positive trend.**
- **Los Angeles was the relatively strongest market of the top five markets**: Boston (-80.9%), Chicago (-78.9%), Los Angeles (-47.0%), NYC (-80.7%), and Washington, D.C. (-76.7%).
- **Other relevant markets**:
    - **San Francisco**: RevPAR was -76.5% vs. -69.9% last week.
    - **COVID-19 "watch" markets** (RevPAR):
        - **Dallas**: -49.8% vs. -31.6% last week. Absolute occupancy 46.0% vs. 46.4% last week.
        - **Houston (prior week hurricane impact was material and we think helped the start of last week as well)**: -40.8% vs. +6.9% last week. Absolute occupancy 49.7% vs. 57.8% last week.
        - **Phoenix**: -43.5% vs. -14.2% last week. Absolute occupancy 46.8% vs. 48.1% last week.
        - Note: Weekly changes for resort locations (more impactful to Phoenix) may add noise to the sequential comparisons.
    - **Florida market RevPAR**:
        - **Miami**: (-46.5% vs. -24.8% last week).
        - **Orlando**: (-54.6% vs. -48.0% last week).

The lodging stocks: We expect continued investor disappointment over the next several quarters. The primary driver of our negative stance is our belief in a slower than originally anticipated US RevPAR recovery, with urban business and group-centric hotels unfortunately being in the cross-hairs of the worst of the pain.

- **The good news is that leisure travel, especially drive-to leisure, has shown some green shoots over the past four months.** For the public companies, we reiterate the companies best relatively positioned here in our coverage universe for drive-to leisure are CHH (Hold) and WH (Buy) (we prefer WH over CHH due to a more attractive comparable valuation) and for the timeshare companies (Hold-rated BXG and Buy rated: HGV, VAC, and WYND). To be clear, like for the business and group-centric hotels, we think the next year will still be very challenging for these companies. *That said, they are relatively better positioned as to not be in the direct cross-hairs of the industry's greatest areas of pain.*

(Our ratings and price targets generally represent our recommendations and forecasts based on a 12 to 18 month outlook. We acknowledge that near term uncertainty and volatility could affect financial inputs to our targets, and the likely multiples the market may pay for those metrics.)

Weekly RevPAR Summary

YoY % change in RevPAR

	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
6/27/2020	**-56.5%**	-76.1%	-76.5%	-63.3%	-50.0%	-37.8%	-26.5%	-48.7%	-78.3%	-85.4%	-65.2%	-78.7%	-77.9%
7/4/2020	**-44.8%**	-66.4%	-65.2%	-48.2%	-37.3%	-28.4%	-21.3%	-40.6%	-67.2%	-71.6%	-60.2%	-56.8%	-58.0%
7/11/2020	**-54.6%**	-75.6%	-75.7%	-61.4%	-48.8%	-36.4%	-24.8%	-47.0%	-77.7%	-82.9%	-67.2%	-73.6%	-71.0%
7/18/2020	**-56.0%**	-77.6%	-76.7%	-62.3%	-49.9%	-38.3%	-27.5%	-48.4%	-79.9%	-82.7%	-68.6%	-77.0%	-73.9%
7/25/2020	**-54.8%**	-77.0%	-75.6%	-61.0%	-49.0%	-37.8%	-26.9%	-47.0%	-79.6%	-81.9%	-67.3%	-73.7%	-72.1%
8/1/2020	**-51.1%**	-74.5%	-73.1%	-57.5%	-44.8%	-33.6%	-23.9%	-42.0%	-78.1%	-79.9%	-66.6%	-75.2%	-66.9%
8/8/2020	**-49.4%**	-71.8%	-71.6%	-55.0%	-41.9%	-30.3%	-20.3%	-42.3%	-77.6%	-80.9%	-63.8%	-74.8%	-65.4%
8/15/2020	**-46.1%**	-69.4%	-68.8%	-52.5%	-39.1%	-26.9%	-17.5%	-37.7%	-72.9%	-78.2%	-61.0%	-67.7%	-63.8%
8/22/2020	**-46.1%**	-68.2%	-69.5%	-52.8%	-39.5%	-26.5%	-16.7%	-36.8%	-74.8%	-75.4%	-58.5%	-72.8%	-62.3%
8/29/2020	**-44.5%**	-67.3%	-67.8%	-50.0%	-37.4%	-26.0%	-16.0%	-36.0%	-75.6%	-71.1%	-51.2%	-68.6%	-49.9%
9/5/2020	**-32.8%**	-60.5%	-59.3%	-38.1%	-24.0%	-13.7%	-6.2%	-22.8%	-76.1%	-72.4%	-37.6%	-64.2%	-53.7%
9/12/2020	**-48.1%**	-68.9%	-72.0%	-55.9%	-41.3%	-25.7%	-12.6%	-36.5%	-80.7%	-80.9%	-47.0%	-78.9%	-76.7%
1Q18	3.5%	6.6%	0.9%	2.2%	3.0%	3.8%	5.3%	3.8%	7.1%	2.6%	2.7%	5.8%	-11.0%
2Q18	4.0%	4.9%	3.4%	2.8%	3.0%	4.1%	3.1%	4.6%	4.2%	-1.2%	0.6%	4.0%	3.1%
3Q18	1.7%	3.3%	1.9%	0.8%	-0.5%	0.1%	1.8%	2.2%	0.7%	2.8%	1.3%	7.5%	-3.4%
4Q18	2.4%	3.0%	1.1%	0.0%	0.5%	1.3%	2.9%	4.9%	3.5%	12.2%	3.0%	2.8%	-3.4%
1Q19	1.5%	-0.7%	1.2%	-0.5%	0.4%	-0.1%	1.9%	3.1%	-7.1%	-2.1%	-1.7%	-4.5%	-2.4%
2Q19	1.1%	1.1%	0.5%	-0.4%	0.0%	-0.7%	1.7%	2.4%	-1.8%	4.5%	1.6%	-0.1%	-1.5%
3Q19	0.7%	1.3%	1.1%	-0.5%	-0.1%	-1.0%	-0.9%	1.6%	-2.2%	-0.4%	-0.2%	-2.2%	4.5%
4Q19	0.7%	3.6%	1.0%	-0.6%	-1.0%	-2.7%	-1.5%	2.3%	-4.1%	-11.6%	1.1%	-0.7%	5.2%
1Q20	-19.3%	-21.4%	-23.1%	-20.8%	-19.1%	-16.8%	-11.2%	-16.7%	-28.0%	-24.5%	-19.3%	-21.0%	-23.2%
2Q20	-69.9%	-86.8%	-86.7%	-74.8%	-65.4%	-51.3%	-35.0%	-65.2%	-76.9%	-88.2%	-74.5%	-83.7%	-83.7%

Labor Day calendar shift, fires, and Hurricanes (2019 and 2020)

Economy and Midscale led the industry (on a relative basis)

LA and DC led the Top 5 markets (on a relative basis; all markets extremely negative)

YoY % change in ADR

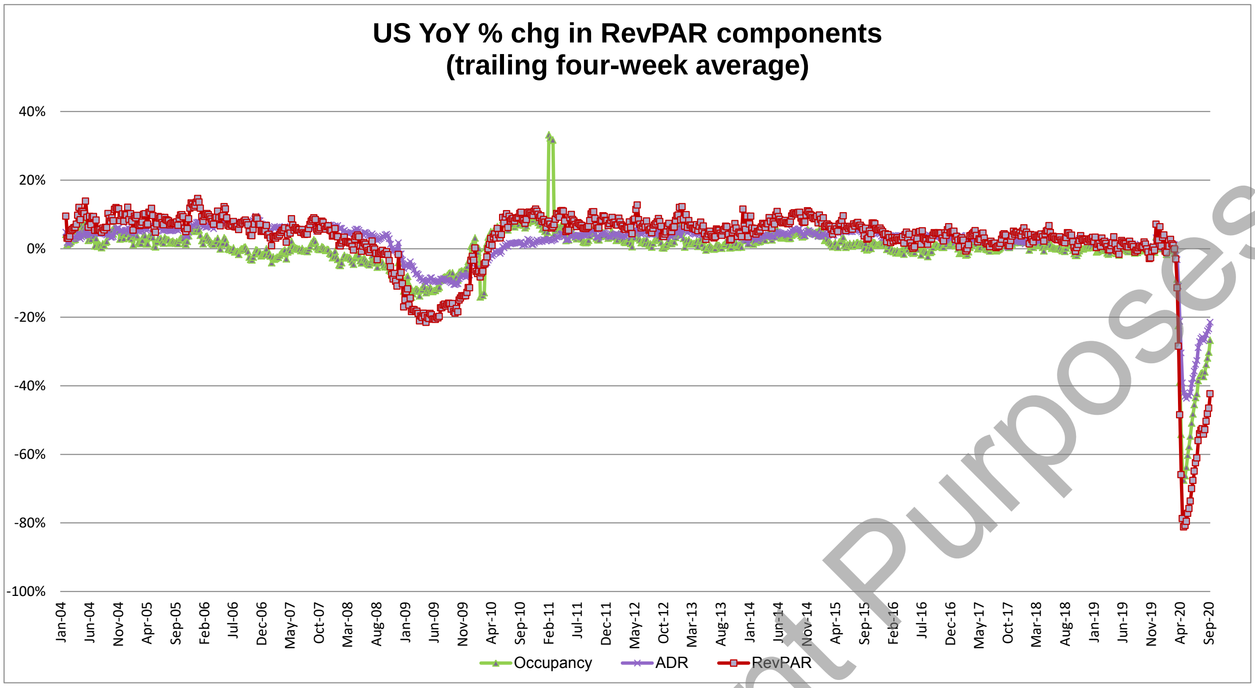
	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
6/27/2020	**-29.0%**	-14.0%	-26.9%	-26.9%	-19.6%	-14.0%	-12.0%	-23.7%	-52.3%	-54.1%	-35.6%	-49.0%	-44.9%
7/4/2020	**-20.9%**	-5.1%	-12.3%	-15.7%	-13.2%	-11.9%	-11.0%	-18.4%	-31.6%	-34.4%	-30.9%	-24.9%	-22.2%
7/11/2020	**-26.8%**	-12.4%	-25.1%	-24.4%	-18.4%	-13.2%	-11.6%	-21.5%	-46.2%	-49.4%	-38.4%	-42.1%	-35.6%
7/18/2020	**-28.0%**	-13.6%	-26.3%	-26.0%	-20.0%	-14.5%	-13.3%	-22.7%	-48.4%	-50.3%	-39.5%	-45.9%	-38.5%
7/25/2020	**-27.3%**	-15.6%	-25.6%	-25.7%	-19.9%	-14.4%	-13.3%	-21.7%	-47.8%	-49.1%	-37.5%	-41.9%	-36.9%
8/1/2020	**-25.3%**	-13.3%	-24.7%	-24.1%	-18.2%	-12.9%	-11.9%	-18.5%	-45.2%	-47.8%	-38.6%	-45.6%	-31.6%
8/8/2020	**-24.9%**	-11.0%	-24.7%	-23.2%	-16.9%	-11.8%	-10.1%	-20.1%	-45.7%	-49.0%	-35.8%	-43.8%	-30.2%
8/15/2020	**-23.0%**	-10.9%	-23.5%	-22.2%	-16.2%	-10.3%	-8.7%	-17.1%	-40.8%	-44.7%	-35.2%	-38.8%	-28.0%
8/22/2020	**-22.7%**	-9.9%	-22.9%	-22.2%	-16.4%	-10.5%	-7.9%	-16.1%	-38.7%	-43.2%	-33.8%	-41.9%	-25.8%
8/29/2020	**-23.2%**	-9.9%	-24.1%	-22.2%	-16.8%	-11.6%	-8.9%	-17.4%	-40.5%	-39.2%	-27.3%	-36.9%	-15.7%
9/5/2020	**-17.1%**	-10.2%	-20.2%	-17.7%	-11.0%	-5.9%	-2.9%	-9.3%	-45.4%	-45.5%	-17.7%	-35.1%	-25.0%
9/12/2020	**-25.5%**	-16.4%	-30.8%	-27.2%	-17.2%	-8.8%	-5.2%	-17.3%	-53.6%	-52.0%	-24.1%	-51.2%	-46.5%
1Q18	2.5%	4.5%	1.0%	1.7%	2.0%	3.0%	4.0%	3.1%	3.5%	-1.0%	4.0%	1.4%	-9.4%
2Q18	2.9%	3.5%	2.9%	2.4%	2.1%	2.6%	2.7%	3.1%	3.7%	-0.1%	2.1%	3.3%	2.4%
3Q18	2.1%	3.3%	2.4%	1.8%	1.2%	1.3%	1.2%	1.9%	1.2%	1.9%	1.1%	6.7%	-0.8%
4Q18	2.0%	3.7%	2.2%	1.6%	1.1%	0.9%	0.6%	2.9%	3.4%	5.6%	1.4%	2.2%	-2.1%
1Q19	1.1%	2.2%	2.5%	1.0%	0.8%	-0.2%	-0.3%	1.0%	-3.8%	0.7%	-1.0%	-2.4%	1.5%
2Q19	1.2%	2.5%	1.4%	0.6%	0.7%	-0.2%	0.6%	1.7%	-1.0%	3.2%	0.8%	-1.7%	0.2%
3Q19	0.8%	1.5%	1.3%	0.2%	-0.1%	-0.5%	-0.5%	1.6%	-1.9%	0.9%	-0.2%	-2.8%	4.0%
4Q19	0.7%	2.4%	0.6%	-0.4%	-0.3%	-1.0%	-1.0%	1.9%	-3.7%	-5.5%	0.3%	-2.2%	3.9%
1Q20	-4.0%	1.6%	-1.4%	-2.9%	-3.1%	-3.8%	-3.8%	-2.3%	-8.6%	-6.2%	-2.7%	-2.6%	-6.8%
2Q20	-37.1%	-22.0%	-34.0%	-30.0%	-23.1%	-17.1%	-14.6%	-34.8%	-52.3%	-56.9%	-40.5%	-53.7%	-48.8%

YoY % change in Occupancy

	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
6/27/2020	**-38.7%**	-72.1%	-67.9%	-49.8%	-37.9%	-27.7%	-16.5%	-32.8%	-54.6%	-68.1%	-45.9%	-58.2%	-59.9%
7/4/2020	**-30.2%**	-64.6%	-60.3%	-38.6%	-27.7%	-18.7%	-11.6%	-27.2%	-52.0%	-56.7%	-42.5%	-42.5%	-46.0%
7/11/2020	**-38.0%**	-72.2%	-67.5%	-49.0%	-37.2%	-26.7%	-14.9%	-32.4%	-58.5%	-66.2%	-46.8%	-54.4%	-54.9%
7/18/2020	**-38.9%**	-74.0%	-68.3%	-49.0%	-37.4%	-27.8%	-16.4%	-33.3%	-61.1%	-65.3%	-48.2%	-57.4%	-57.6%
7/25/2020	**-37.9%**	-72.7%	-67.2%	-47.6%	-36.3%	-27.4%	-15.7%	-32.3%	-60.8%	-64.3%	-47.7%	-54.8%	-55.7%
8/1/2020	**-34.5%**	-70.6%	-64.3%	-44.0%	-32.6%	-23.8%	-13.7%	-28.8%	-60.0%	-61.6%	-45.6%	-54.4%	-51.5%
8/8/2020	**-32.6%**	-68.3%	-62.3%	-41.5%	-30.1%	-20.9%	-11.3%	-27.8%	-58.7%	-62.5%	-43.7%	-55.1%	-50.5%
8/15/2020	**-30.0%**	-65.7%	-59.2%	-38.9%	-27.4%	-18.5%	-9.7%	-24.8%	-54.1%	-60.6%	-39.8%	-47.2%	-49.6%
8/22/2020	**-30.3%**	-64.7%	-60.4%	-39.3%	-27.6%	-17.9%	-9.5%	-24.6%	-58.8%	-56.7%	-37.3%	-53.1%	-49.1%
8/29/2020	**-27.7%**	-63.7%	-57.6%	-35.8%	-24.8%	-16.4%	-7.7%	-22.5%	-59.0%	-52.4%	-32.9%	-50.2%	-40.6%
9/5/2020	**-18.9%**	-56.0%	-49.0%	-24.8%	-14.6%	-8.4%	-3.4%	-14.9%	-56.3%	-49.3%	-24.2%	-44.9%	-38.3%
9/12/2020	**-30.2%**	-62.7%	-59.5%	-39.4%	-29.1%	-18.5%	-7.8%	-23.3%	-58.4%	-60.3%	-30.2%	-56.8%	-56.4%
1Q18	0.9%	2.1%	0.0%	0.5%	1.1%	0.9%	1.3%	0.7%	3.5%	3.7%	-1.3%	4.4%	-1.8%
2Q18	1.1%	1.3%	0.5%	0.4%	0.9%	1.5%	0.4%	1.5%	0.5%	-1.1%	-1.4%	0.7%	0.7%
3Q18	-0.4%	0.0%	-0.5%	-1.0%	-1.7%	-1.1%	0.5%	0.3%	-0.5%	0.9%	0.2%	0.7%	-2.6%
4Q18	0.4%	-0.7%	-1.1%	-1.6%	-0.6%	0.4%	2.3%	1.9%	0.1%	6.3%	1.6%	0.6%	-1.3%
1Q19	0.4%	-2.8%	-1.3%	-1.4%	-0.5%	0.0%	2.3%	2.1%	-3.5%	-2.8%	-0.7%	-2.2%	-3.8%
2Q19	-0.1%	-1.4%	-0.9%	-1.0%	-0.7%	-0.6%	1.1%	0.7%	-0.7%	1.3%	0.8%	1.7%	-1.7%
3Q19	-0.1%	-0.2%	-0.2%	-0.7%	0.0%	-0.5%	-0.4%	0.0%	-0.3%	-1.4%	0.1%	0.6%	0.4%
4Q19	-0.1%	1.2%	0.4%	-0.2%	-0.8%	-1.7%	-0.4%	0.4%	-0.4%	-6.5%	0.8%	1.5%	1.3%
1Q20	-15.9%	-22.6%	-21.9%	-18.4%	-16.5%	-13.6%	-7.7%	-14.8%	-21.3%	-19.5%	-17.1%	-18.8%	-17.6%
2Q20	-52.1%	-83.0%	-79.8%	-64.0%	-55.1%	-41.3%	-23.9%	-46.6%	-51.5%	-72.7%	-57.1%	-64.7%	-68.2%

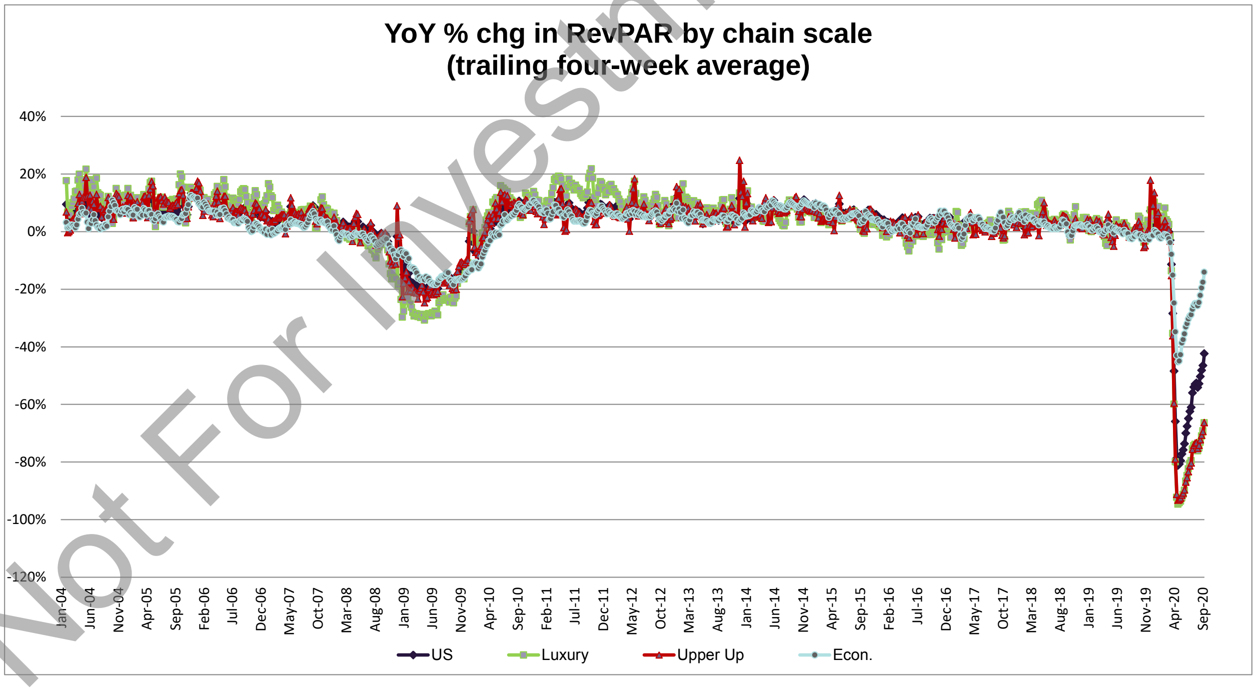
Source: STR data, Truist Securities research

RevPAR Component Trends



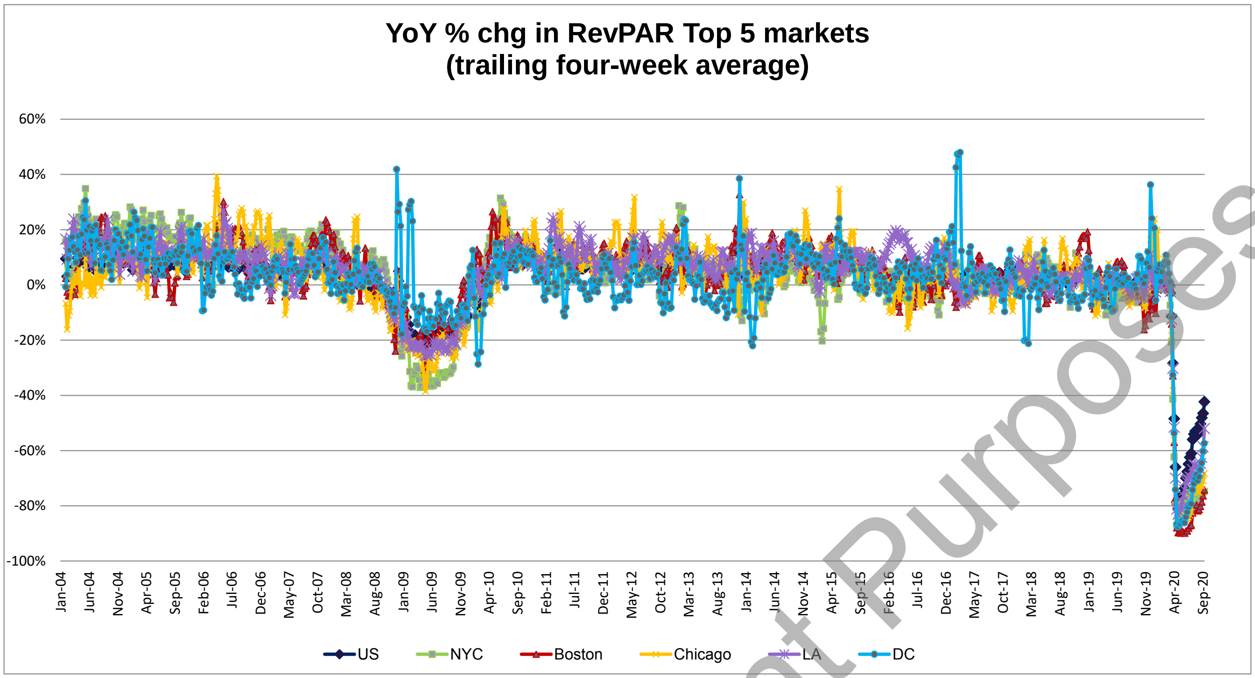
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



Source: STR data, Truist Securities research

RevPAR Trends by Market



Source: STR data, Truist Securities research

Price Target/Risks Summary

Lodging	TKR	Price 9/15/20	Rating	PT*	% upside down-side	2021E Valuation EBITDA ($M)* **	2022E Valuation EBITDA ($M)* **	2021E As Reported EBITDA ($M)*	2022E As Reported EBITDA ($M)*	Target EV/EBITDA Multiple	Risks Note: COVID-19 represents a material risk to our entire coverage especially related to the length/severity of the demand shock.
Bluegreen Vacations	BXG	$5.35	Hold	$6	16%	$95	$111	$95	$111	6.1X	Upside risk: Accelerating tour flow, FCF generation and decliining consumer defaults. Downside risk: 3rd party induced defaults worsen. Middle market customers underperform.
Choice Hotels	CHH	$98.09	Hold	$84	-14%	$329	$376	$329	$376	14.0X	Upside risk: conservative growth of new brands. Downside risk: slowdown in development opportunities.
DiamondRock Hospitality	DRH	$5.84	Sell	$4	-32%	$51	$161	$51	$162	11.5X	Upside risk: faster demand improvement in corporate travel than expected. Brand changes (e.g. Vail) lead to material EBITDA improvement. Leisure hotels hold/improve on RevPAR and margins despite the challenging macro.
Hilton	HLT	$91.94	Hold	$79	-14%	$1,539	$1,980	$1,637	$2,062	14.9X	Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep 2022 recession.
Hilton Grand Vacations	HGV	$22.34	Buy	$27	23%	$266	$361	$283	$377	9.3X	Downside risk: Disruption in a major market (HGV more concentrated than peers), issues with Japanese customer (HGV more exposed than peers), difficulty sourcing additional fee-for-service inventory deals
Host Hotels & Resorts	HST	$12.02	Sell	$8	-33%	$242	$802	$242	$802	12.0X	Upside risk: faster demand improvement in corporate travel than expected. Dispositions at higher multiple than expected (incl. NYC).
Hyatt Hotels	H	$59.87	Sell	$42	-30%	$119	$485	$145	$514	13.4X	Upside risk: Transient and group trends outperform expectations, particularly for owned hotels. Material disposition of owned hotels. Faster than expected improvement in net rooms growth.
Marriott International	MAR	$105.39	Hold	$94	-11%	$1,939	$2,604	$2,160	$2,831	14.8X	Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Disposition of owned hotels at attractive pricing. Downside risk: slowing pipeline. Deep 2022 recession.
Marriott Vacations	VAC	$98.50	Buy	$125	27%	$599	$718	$627	$746	9.5X	Downside risk: M&A story fades and multiples revert to historical levels
Park Hotels & Resorts	PK	$11.16	Sell	$7	-37%	$174	$518	$186	$530	12.0X	Upside risk: faster demand improvement in corporate travel than expected. Dispositions at higher multiple than expected. CHSP revenue and asset management strategies lead to faster than expected EBITDA gains.
Pebblebrook Hotel Trust***	PEB	$14.06	Hold	$10	-29%	$130	$322	$130	$322	13.0X	Upside Risks: Material near-term incremental EBITDA from Legacy LHO assets. Downside Risks: Planned asset sales do not materialize as expected and/or at lower-than-expected pricing. Incremental EBITDA from major CapEx investments take longer than anticipated, resulting in multiple contraction. Very slow recovery in San Francisco.
Playa Hotels & Resorts	PLYA	$4.55	Hold	$2	-56%	$92	$148	$103	$159	9.5X	Upside risk: quicker recovery post-COVID, Cap Cana group strength/rate growth in the D.R. Downside risk: demand shock, hurricanes, slow ramp up of Cap Cana, country-specific risks (emerging market portfolio)
RLJ Lodging Trust***	RLJ	$10.20	Hold	$8	-22%	$105	$297	$117	$309	11.5X	Upside risk: RevPAR reaccelerates faster than expected, leading to estimate revisions and multiple expansion. Wyndham hotels are repositioned earlier in the 2022 valuation period and incremental EBITDA is more material than our expectations. Downside risk: Lower customer demand/operational inefficiencies for select-service hotels.
Ryman Hospitality Properties	RHP	$40.30	Sell	$23	-43%	$127	$296	$155	$325	12.0X	Upside risk: recovering group and Entertainment demand faster than expected, better margin recovery.
Sunstone Hotel Investors	SHO	$8.61	Sell	$6	-30%	$111	$194	$111	$194	11.5X	Upside risk: faster demand improvement in corporate travel than expected. Renovations lead to faster than expected EBITDA improvements.
Vail Resorts, Inc.	MTN	$215.83	Buy	$233	8%	$765	$765	$811	$811	14.5X	Downside risk: Economic conditions, competition for vacation and ski dollars, stagnant skier visitation, an aging customer, and climate change.
Wyndham Destinations	WYND	$33.68	Buy	$43	27%	$680	$753	$708	$781	7.3X	Downside risk: The timeshare business is especially vulnerable to economic softness. There are potential execution risks post the spin off.
Wyndham Hotels & Resorts	WH	$54.60	Buy	$51	-7%	$414	$535	$434	$557	13.0X	Downside risk: Slowdown in development opportunities. La Quinta synergies below expectations.

** All of our Lodging price targets are derived by applying a target EV/EBITDA multiple to our estimate for 2020 EBITDA*
*** Valuation EBITDA excludes select items for specific companies including stock-based compensation.*
**** Covered by Gregory J. Miller - gregory.j.miller@truist.com*

Source: FactSet, Truist Securities research

Companies Mentioned in This Note

Bluegreen Vacations Corporation (BXG, $5.35, Hold, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, $98.09, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, $5.84, Sell, C. Patrick Scholes)
Hyatt Hotels Corporation (H, $59.87, Sell, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, $22.34, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, $91.94, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, $12.02, Sell, C. Patrick Scholes)
Marriott International, Inc. (MAR, $105.39, Hold, C. Patrick Scholes)
Vail Resorts, Inc. (MTN, $215.83, Buy, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, $14.06, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, $11.16, Sell, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, $4.55, Hold, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, $40.30, Sell, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, $10.20, Hold, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, $8.61, Sell, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, $98.50, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, $54.60, Buy, C. Patrick Scholes)
Wyndham Destinations, Inc. (WYND, $33.68, Buy, C. Patrick Scholes)

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